

hope that Congress can work together to do more than simply debate our problems, but work together to solve them.

There are some goals that we can all agree on: a national energy policy that increases the use of renewable fuels, more affordable and accessible health care, and meaningful tort reform. We are, in fact, on the eve of passing class action reform that will restore fairness to the judicial system in this country. Our tort system is broken and, without the necessary reforms, beginning with class action lawsuits, we deny our Nation not only fair and efficient access to justice, but we allow this problem to pull our economy downward. Excessive and often unnecessary litigation expenses cost us in terms of lost jobs, lost growth, and lost revenues every day that it goes unabated. We have a full agenda ahead of us. The American people have put their trust in us to make this Nation even greater than it is today, and we cannot let them down.

Part of the task before us, and the reason I rise today, is the need to fix Social Security. Social Security as the system exists today is in danger. While the system has provided 70 years' worth of benefits to our Nation's retirees, the system as we know it today will no longer be able to keep that promise for the next generation.

I understand the intergenerational aspect of this discussion. My father turned 85 in December. My mom will be 84 in May. My father has served his country as a combat pilot in World War II. He has shot down enemy warplanes for his country. He and my mother rely—depend upon Social Security. We need to keep faith in our promise to them.

But I also have teenage daughters. I understand, if we do nothing to improve this system, that our children and grandchildren will not see the Social Security benefits they are counting on receiving. Today's seniors, like my mom and dad back in Murdo, SD, and those nearing retirement age, can be assured that their benefits are safe and sound. The same cannot be said for my two daughters and the rest of their generation.

The explanation of why this is happening is not that difficult to understand. In 1950, there were 16 workers for every retiree. Today, there are only three workers for every retiree. Soon there will be only two workers for every one retiree. Our Nation is aging and, as more and more Americans leave the workforce for retirement, there are fewer and fewer workers paying into the system. The current system is unsustainable given the changing demographics of this country.

Some may ask, When will we start to see the effects from these changes? The Social Security trustees have told us that beginning in 2018, Social Security will begin paying out more in benefits than it is taking in. This means that we will need to start raising taxes, cutting spending, or reducing benefits in

just 13 years to cover the promises that have been made to our retirees. In 2042 the system will no longer be able to pay full benefits without major restructuring.

Some will say those dates sound like they are a long ways off, but as the Vice President recently put it, some might be inclined to "kick the can further down the road," leaving the problem for another President and another Congress to fix. Thirteen years is not that far away. Believe me, if you have children you know how quickly those first 12 years can go by, and all of a sudden you have a teenager. It happened to me twice with my two daughters. So the problems with Social Security are not going away, and the longer we wait, the more expensive the solution will be and the more painful to the American taxpayer.

The Social Security trustees have told us that if we wait to solve this problem, we are facing a \$10.4 trillion shortfall. Experts agree that if we work on solving the problem today, that cost will be closer to \$1 trillion—\$1 trillion today, \$10 trillion later.

My teenage daughters—and I daresay most Americans—can understand the dimensions of that problem. It is our duty to fix this problem now.

Possible solutions are numerous. Many include personal retirement accounts which would create a nest egg for younger generations. These voluntary accounts would allow younger workers to save some of their payroll taxes in a personal account for their retirement. In fact, they would most likely be fashioned like the Thrift Savings Plan that is available to Federal employees. With personal retirement accounts, our children and grandchildren will be able to get more out of the Social Security system when they retire. In addition, they will have something to pass on to their children.

No matter how the solution is fashioned, current retirees and those nearing retirement do not have to worry about their benefits. They have put their time in, and their benefits will be there for them, no matter what happens.

I have laid out the stakes here today, and it is clear that they could not be much higher. I call on members of both parties to be open to the ideas that are put on the table. Refrain from playing on the fears that often surround this issue. And for those of you who worry about political danger in discussing this issue, know that I am standing here today before you as a Senator who has been on the receiving end of many of those accusations and attacks—the key words being, I am still standing here as a Senator today. I believe we can do more than send and receive political attacks on this issue. We can work together to find a strong bipartisan solution.

As those of us here in Washington begin to debate the issue of Social Security reform, I ask that we think not about our next election but in fact

about the next generation—our children and our grandchildren. The same goes for seniors. I ask that they fight the temptation to be concerned about their next Social Security check, because it is going to be there, no matter what. Instead, I ask that they also think about our children and our grandchildren. Their future is what this debate is all about. I for one intend to fight to make it a better future. I hope my colleagues in this Chamber will join me.

I yield the floor.

The PRESIDENT pro tempore. The Senator from Kentucky.

Mr. McCONNELL. Mr. President, I congratulate the new Senator from South Dakota on his initial speech in the Senate. I say to him that he could not have picked a more important topic than saving Social Security for our children. I had the pleasure to be here and listen to his speech. I have had an opportunity to get to know the Senator from South Dakota over the last few years.

I want to say again on behalf of all of our colleagues, welcome to the Senate, and congratulations on an outstanding speech.

Mr. THUNE. I thank the distinguished whip for his kind remarks.

The PRESIDENT pro tempore. The Senator from Utah.

SOCIAL SECURITY

Mr. BENNETT. Mr. President, this morning's paper has in it once again, as we often get here in Washington, a poll. It seems everything we do is focused on polls and what the people think. This poll is on the question of whether there is a crisis in Social Security. Frankly, the numbers are confusing, because it depends on the definition. If the question is whether there is a problem, there is a majority who say there is a problem; there is a smaller percentage that say there is a crisis, and so on. It gets very confusing.

I would like to speak today in answer to the fundamental question posed by the poll, and do what I can to shed some light on the question of what condition Social Security is in.

I am not a newcomer to this. We have held hearings in the Joint Economic Committee, while I have been chairman, examining this question. We have a body of institutional knowledge that we have put together now over the past year and a half. I want to pose and I hope answer three fundamental questions here today that can be the basis for the debate on Social Security.

Those questions are: No. 1, is there a problem? No. 2, if so, how big is it? No. 3, when will it hit?

With those three questions in mind, let us go forward. Individuals come to me and ask these questions through the lens of their individual situation. Is there a problem with Social Security? They are really asking, Is there a problem for me in Social Security? The answer to that question is a question: When were you born?

Stop and think for a minute of your own birth date, and then address the question, Is Social Security going to be a problem for me? If you were born in the 1930s, as I was, or if you were born in the 1940s, as my wife was, or if you were born in the 1950s, as my nieces and nephews were, the answer is no, there is not a problem for you with respect to Social Security. Your benefits will be paid. They will be paid at the full level the law requires. You do not have a problem with Social Security.

If you were born in the 1960s, as my children were, the question of whether you have a problem depends on how long you will live. If you were born in the 1960s and you live into your eighties, chances are in the last few years of your life the Social Security benefits are going to be cut quite dramatically. If you manage to die before you get to age 80, then you won't have a problem.

If you were born in the 1970s, it is almost certain you will have a problem. And if you were born in the 1980s, it is guaranteed that the Social Security benefits will have to be cut before you reach retirement age.

For these young pages sitting here, it is very clear that if we don't start to do something now, you will be penalized for your youth. The Social Security benefits will be seriously curtailed for you.

Let us review some history to put some flesh on the bones as to whether there is a problem. Think of Social Security in these terms: It is a little like a lottery. A lottery works this way: A lot of people pay in, and only some people get paid out. So it produces winners and losers. With Social Security, a lot of people pay in, and not all of them get money out.

Here are the statistics which demonstrate what has been happening to this lottery. In the 1940s, 54 percent of the workers who paid into the system lived long enough to be winners. This is the ideal political situation, because the losers were dead. They were not in a position to protest that they had paid in and had gotten nothing out. Fifty-four percent in 1940 of the men—and in 1940 our workforce and retiree population was almost entirely male—got money out of the lottery and the other 46 percent who had paid in got nothing, but they weren't complaining because they were dead.

But then the women started to join the workforce, and now women make up as high a percentage of the workforce as men, and the age kept going up. Today, 72 percent of the men who paid into the lottery are eligible for benefits, and 83 percent of the women who paid into the lottery are eligible for benefits. Whereas it was 54 percent who were winners in 1940, it is now 80 percent who are winners, and the number keeps going up.

There is another factor. This shows how many people get into the winner side who are going to be drawing money from Social Security. How long

did they stay there? In 1940, once a man got to retirement age, he would stay there on the average for 12 years. Women—there were fewer of them who were in the program—lived for 14.7 years. But the numbers kept going up. Today, a man will be in the program for 15 years, and a woman for nearly 20. The average time people draw out their Social Security benefits has gone up from 12 to 18—a 50-percent increase.

You have many more people who get into the program by virtue of living beyond the age of 65, and then once they are in the program they stay longer.

What is the obvious result of this kind of change in demographics? Let us see what has happened to the pool of people paying in.

In 1945, there were 42 people paying in for every one person drawing out. That is true because the program was still new enough that there were not enough people old enough to take advantage of it. That came down dramatically, as you would expect it would, as more and more retirees came on. In the 1950s, 5 years later, the number was down to 17. Now it is down to 3, and the projections are that it will go down to 2. You cannot have that kind of a lottery where only two people are paying in for every person who is drawing out, while the people who are drawing out are growing as a percentage of the whole program.

How do we deal with this? How have we dealt with this historically over this period? This is how we have dealt with it. Take the 50-year period from 1945 to 1995, and this is the list of tax rates that have been applied to Social Security. For 50 years of time, we have run into one of these demographic problems. We have solved it by raising the tax rate.

I would like to demonstrate what Franklin Roosevelt and Congress in 1936 promised the American people on this issue of tax rates. This is the photograph of the brochure that was distributed to every recipient of Social Security in 1936. "Security In Your Old Age, Social Security Board, Washington, DC."

Here is the quote from that pamphlet that was distributed to every Social Security beneficiary. "Beginning in 1949, twelve years from now, you and your employer will each pay 3 cents on each dollar you earn up to \$3,000 a year. That is the most you will ever pay."

If ever there was a promise the Government made that the Government broke, that is the promise.

Let us go back to the previous chart that shows the history.

This is the 3 percent that was promised in the 1930s; this is the 12.4 percent we are paying 50 years later. That is a 300-percent increase in tax rate. That is not 300 percent in dollars. That is a 300 percent increase in the rate to keep up with the demographic situation we have seen.

I asked three questions: Is there a problem? How big is it? When will it hit?

I have cited the history. Now it is time to get prospective and talk about what is coming.

All of the demographic statistics I have quoted are shown here on this chart. It starts in 1950, and here is where we are now. This is the percentage of Americans who are 65 or older. It has been going up. Yet, it leveled off starting around 1990, and stayed stable; even went down a little. But starting in 2008, something is going to happen. I stress the 2008, because a lot of the accountants have ignored that year, and said, No, the crisis is in 2018, or 2042, or 2042 isn't right, it's 2052.

Here are the demographic realities of what we are facing. Starting in 2008, this line is going to start up dramatically and steeply, and over the period of the next 30 years the percentage of Americans who are 65 and older will double.

When will it hit? It will start to hit in 2008. That is not a long way off. That is within the term for which I was just elected—the 6-year term that the people of Utah gave to me—that this problem is going to start to hit us. We have to deal with it or 30 years from now we are going to end up with a population twice the percentage of the level it is now and no solution.

Let's look at what the Social Security Administration says this will do. This is the chart of current benefits, current law. Here is the revenue line; here is the cost line. How do we fill in the hole of the cost line that is much higher than the revenue line? This hole by itself is \$1.5 trillion. Where is that \$1.5 trillion going to come from to pay the benefits? It will have to come from either increased tax revenues or increased borrowing to the public. Or it will have to come from some kind of increased rate of return on the money coming in down here. Those are the only three ways to deal with it.

We should understand, once again, the pressure will start in 2008. It will be gradual but it will build. And over the next 30 years, it will overwhelm us if we do not either raise the taxes, cut the benefits, or increase the rate of return.

The proposals of what to do about this range across a wide spectrum of ideas. The President has focused on an idea that he thinks will raise the rate of return on the income coming in. Others have focused on taxes. That is, indeed, how we have handled this for the last 50 years. We have always raised taxes. Some have said we have to begin to adjust the benefits. All of these proposals should be on the table. All of these proposals should be discussed in perfectly good faith. I am willing to discuss anything.

As I said at the outset, we have a history now in the committee that I have chaired of examining these issues. We believe we understand the realities of the past and the challenges and opportunities of the future. We are willing to discuss with anyone any of these proposals and responsibilities.

Remember, there is a problem. It is at the very least a \$1.5 trillion problem. It is going to start to hit us in 2008. Surely we in this Chamber can in good faith recognize these facts and deal with them in a spirit of cooperation, reach out to the White House and try to find a solution so these pages will not, in fact, be penalized for their youth and find themselves in a situation where they do not get the benefits their grandparents and others received. They will be paying into the system. They will not get the benefits the others have received unless we lock arms, cooperate, and produce a solution.

My focus today has been to review the history of where the problem has been and review the prospective demographic realities we face. At some future time I will outline some of the solutions my committee has discovered might very well work as we try to find a way to deal with this very real problem.

I yield the floor.

THE PRESIDING OFFICER (Ms. MURKOWSKI). The next 30 minutes is under the control of the Democratic leader or his designee.

The Senator from Illinois.

SOCIAL SECURITY

Mr. DURBIN. Madam President, first I salute my colleague from Utah. I agree completely with his conclusion—completely. We need to get together on a bipartisan basis and talk about the future of Social Security. That should be the starting point.

Unfortunately, it is not the starting point. The starting point is a proposal by the administration that we create this privatization of Social Security. That is not a good starting point. We should be able to come together and agree on some facts. The facts are fairly obvious. They have been certified by the General Accounting Office and the Congressional Budget Office. They differ a little bit from what was just said.

I was in Congress in 1983. We looked at Social Security and said we have a serious, immediate crisis: If we do not do something, and do it now, we will find ourselves in a position where we will not be able to meet our promises to all the retirees who paid into Social Security their entire working lives.

President Ronald Reagan, a Republican President, reached across the aisle to the Speaker of the House of Representatives, Tip O'Neill, a leading Democrat, and said: Can't we find a bipartisan way to deal with the most popular and important social program in America? Tip O'Neill said: We have to.

They created a commission with Alan Greenspan as the Chairman. They brought real bipartisanship to the Commission. They did not try to load it one way or the other which, unfortunately, has happened many times when it comes to Social Security. This Commission came up with a list of suggestions to Congress. They said: If you do

these things, Social Security will have a long life. The baby boomers whom we know will retire after the turn of this century, we will be able to take care of them.

Some of the things they proposed were controversial: One, increase the retirement age to the age of 67 over a period of years; there were suggestions of taxing Social Security benefits for higher income retirees; there were cuts in benefits; there were increases in payroll taxes. It was a long list, but each of the proposals in and of itself was not that extreme or radical. When it was all said and done, on a bipartisan basis, Congress enacted that law, changed Social Security.

Let me tell you what we bought for the political courage of President Ronald Reagan and Speaker Tip O'Neill in 1983. What we bought was, literally, 59 years of solvency for Social Security. We came together and solved the problem.

There are people ever since who have been carping about and criticizing the 1983 bipartisan approach, but I am glad I voted for it. I am glad because I can stand and face those retiring and say we faced the problem and we solved the problem.

Frankly, that is what we have to acknowledge today. The future problems are, in fact, long-term future problems for Social Security. What we know now is obvious and has been certified and found to be true; that is, untouched, unchanged, without a single amendment to the Social Security law, no changes whatsoever, Social Security will make every payment to every retiree, with a cost-of-living adjustment, every month, every year, until 2042—according to the Congressional Budget Office, 2052. So for 37 years, Social Security is intact, solid, performing, and solvent. Some say it is beyond that. Some say at the end of 47 years we will reach a point where we will not be able to meet every obligation.

Think of that. There is not a single program in our Federal Government today that we can say with any degree of certainty will be here 3 years from now. We can say with certainty, under the current law, Social Security will be there 37 years from now making every single promised payment.

What happens after 37 years? It is true, we will have taken the surplus in Social Security and spent it down. And then we look at the receipts coming in and the interest earned and some estimate we can only pay 70 to 80 percent of our Social Security obligation. Now that is a challenge. How do we make up the difference? How do we make up the difference of the 20 to 30 percent that needs to be made up in Social Security? It is a problem that could be 40 years away. Today, if we sat down and made bipartisan, commonsense suggestions for changes in Social Security, much as we did in 1983, we can come up with a reasonable solution. Instead, what has the administration proposed? The President has come forward and

said: We have to change Social Security as you know it. The program that has served America for almost 70 years, this program, we should change dramatically.

So we asked the President, What do you have in mind? He says people should be able to take part of the money they are currently putting into payroll taxes and put it into private or personal accounts. That is appealing to some people because they think they would rather invest it in a mutual fund because they think they can make more money than the Social Security Administration can make. Other people say, well, what if you invest it in the mutual fund and it does not make as much money as in Social Security? Isn't there a risk involved?

There certainly is.

And then there are equally important questions. If you are going to take this money out of Social Security that was supposed to go toward paying current retirees, who will make up the difference? The President does not answer the question. The budget of the President does not answer the question. And in comes a memo from the White House which projects one of their solutions to Social Security is to change the way benefits are calculated. Currently, the formula is based on a wage index. It is based on the increase in wages. The White House memo says we ought to base it on the prices index, the increases in the cost of living. It does not sound like much, but it is a substantial change.

As we play out this White House suggestion, what we find is alarming. What the White House memo proposed would lead to a 40-percent decrease in Social Security benefits. So we step back and say, wait a minute. If we do nothing in the year 2042 we can see a 20- to 30-percent decrease in our payments in Social Security. But if we buy into the President's approach we know we will see a 40-percent decrease. How can that be a good solution? The President's plan does not make Social Security any stronger. The President's plan makes Social Security even weaker.

Then there is the kicker, the one thing that the administration does not want to talk about. This administration says their budget is focused on taming the budget deficit. I have to tell the President quite honestly, if you do not include in your budget the cost of the Iraq war, and you do not include in your budget the cost of privatizing Social Security, it is not complete, it is not an honest budget. We know in a period of the first 10 years we could have anywhere from \$750 billion to \$2 trillion added to our national debt. So you say to the President, How are you going to make up that difference, that you will take the money out of Social Security for private accounts and create that additional national debt? How are you going to pay for that?

Well, we will add it to the debt of America. For all the young people, the